

Fiscal Services Division Legislative Services Agency Fiscal Note

SF 2167 - Probate and Trust Law (LSB 5147 SV)

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Fiscal Note Version - New

Description

Senate File 2167 relates to the Iowa Probate Code, including provisions relating to estate recovery of medical assistance benefits, the power to disclaim property interests, and trusts.

Assumptions

1. Senate File 2167 allows the Estate Recovery Program in the Department of Human Services to collect funds that belong to the State when an affidavit to claim funds has not been presented by the deceased person's representative within 90 days of the deceased person's death rather than have the funds remain unclaimed or to be remitted to the State Treasurer of Iowa. Medical Assistance Recovery would only apply to people who were on Medicaid.
2. Under current law, there is no tool available for the Estate Recovery Program to file an affidavit to receive abandoned funds from bank accounts, insurance proceeds, or other resources already intended in Section 633.356(1), Code of Iowa, which could be used to repay the medical assistance debt.
3. The average recovery on each estate is approximately \$1,500. The average number of estate recovery cases per year is approximately 133.
4. The amount of revenue received for the reimbursement of Medical Assistance is estimated to be approximately \$200,000. The State match rate is 36.36% resulting in the amount of revenue the State would receive being \$72,500. The remainder goes to the federal government for their portion of medical assistance.
5. The cost of collection fees is approximately 7.5% or \$15,000 would be paid as collection fees at a 50.0% State match rate or \$7,500.
6. Under the Iowa Uniform Disclaimer of Property Interest Act, which replaces current Section 663.704, Code of Iowa, a daughter-in-law or son-in-law who is a beneficiary under a will could disclaim their inheritance to a son or daughter. Since lineal decedents are exempt from the Iowa Inheritance Tax, no tax would be owed after the disclaimer. Due to insufficient information, no impact can be determined on this section of the Bill.

Fiscal Impact

Senate File 2167 increases the annual revenue received by the Department of Human Services for Medical Assistance Recovery by approximately \$65,000.

Sources

Department of Human Services
State Treasurer
Department of Revenue

Dennis C Prouty

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
